

# NHSC/STATE LOAN REPAYMENT PROGRAM

## FACT SHEET

Visit our website at: [www.oshpd.ca.gov/HWCDD/stateloan/index.htm](http://www.oshpd.ca.gov/HWCDD/stateloan/index.htm)

### **Program Description:**

The National Health Service Corps (NHSC)/State Loan Repayment Program (SLRP) is designed to assist in the placement of primary care health professionals in Health Professional Shortage Areas (HPSAs) of California. Only the following disciplines are eligible to participate: Physicians (MD or DO) specializing in family practice, general internal medicine, general pediatrics, obstetrics/gynecology and general psychiatry; physician assistants; nurse practitioners; psychiatric nurse specialists; certified nurse-midwives; general practice dentists (DDS or DMD); dental hygienists; clinical or counseling psychologists; clinical social workers; licensed professional counselors; and marriage and family therapists. All must hold a current license to practice.

The Office of Statewide Health Planning and Development (Office) administers SLRP under a grant from the Federal Government. Under SLRP, the Office is authorized to repay outstanding government and commercial loans only, for expenses incurred during undergraduate or graduate education (i.e., principal, interest, and related expenses for tuition, educational expenses, and reasonable living costs). Award recipients are responsible for paying any interest that accrues on their loan(s) during the application process and subsequent service obligation period.

Health professionals participating in SLRP must practice in public or private not-for-profit settings approved by the Office, therefore, cannot establish private practices.

**Loan Repayment Award Amounts:** Health professionals may be granted up to the following amounts and payments are made directly to the lender(s):

| <b><u>Service<br/>Year</u></b> | <b><u>State<br/>Award</u></b> | <b><u>Practice<br/>Site Match</u></b> | <b><u>Yearly<br/>Totals</u></b> |
|--------------------------------|-------------------------------|---------------------------------------|---------------------------------|
| 1                              | \$12,500                      | \$12,500                              | \$ 25,000                       |
| 2                              | \$12,500                      | \$12,500                              | \$ 25,000                       |
| 3                              | \$17,500                      | \$17,500                              | \$ 35,000                       |
| 4                              | \$17,500                      | \$17,500                              | \$ 35,000                       |
| <b>Award Total</b>             |                               |                                       | <b>\$120,000</b>                |

**The American Job Creation Act exempts any loan repayment funds disbursed on or after January 1, 2004 from gross income and employment taxes.**

### **Health Professional Requirements:**

Applicants must meet the following requirements at the time of application:

- Be U.S. citizens;
- Possess current and unrestricted California licenses to practice their profession;
- Be free of unserved obligations for service (Local, State and Federal);
- Be free of judgments arising from Federal debt;
- Must not be delinquent in child support payments;
- Be committed to providing primary health services, in an urban or rural Health Professional Shortage Area (HPSA), for a minimum of 2 consecutive years (or up to 3 or 4 consecutive years), and be committed to practicing full-time, which is defined as a minimum of 40 hours per week (32 hours direct patient care) for at least 45 weeks per year, as listed on next page:

## **FACT SHEET (Continued)**

### **Health Professional Requirements (Continued):**

- Agree to enter into a service contract, with the Office, for a minimum of 2 consecutive years. (Award recipients are responsible for paying any interest that accrues on their loan(s) during the application process and subsequent service obligation period.).
- Obstetricians/Gynecologists and Certified Nurse-Midwives. Full-time is defined as a minimum of 21 hours at site providing direct patient care, with the remaining hours providing inpatient care to patients of the approved site, and/or in practice-related activities. Other practice-related activities (e.g., precepting, meetings, cme, etc.) cannot exceed 8 hours per week. The time spent "on-call" cannot be counted toward the 40 hour week;

All Others: Full-time is defined as a minimum of 40 hours per week (32 hours at site providing direct patient care and up to 8 hours in practice-related activities-e.g., chart review, meetings, precepting, cme, etc.). The time spent "on-call" cannot be counted toward the 40-hour week; and,

**DEFAULT PENALTIES for not completing your contractual service time are severe. Payback will depend on how much of your service time you do not complete and include a penalty of \$7,500 per month of unserved time. Minimum payback amount is \$31,000.**

**PLEASE NOTE: This is a competitive process. Application period is August 1 through October 1 annually. Visit the website often for new or changing information.**

### **Practice Site Requirements:**

Practice sites must meet the following requirements at the time of application:

- Be public or private not-for-profit entities;
- Be located in federally designated medical, dental, or mental Health Professional Shortage Areas (HPSAs); or qualify as an Automatic Designation.
- Be committed to employing health professionals full-time, for a minimum of 2 consecutive years, (and up to 3 or 4 consecutive years if desired);
- Hire health professionals at salaries based on prevailing rates for the area;
- Agree to match the Office's loan repayment award, on a dollar-for-dollar basis, in addition to salary; agree to pay the match with non-federal funds (i.e., revenues from State or local government and the private sector, no part of which represents an appropriation of Federal funds); and, agree to make the loan repayments directly to the health professional's lending institutions;
- Agree not to use the Office's award or the match as a means to reduce health professional salaries or offset health professional salaries (e.g., deduct funds from paychecks);
- Agree to enter into a Memorandum of Understanding with the Office.
- Agree to notify the Office of any absences of more than 35 working days during each contract year (vac, sick, cme, etc). Contract will be extended by the number of days over the limit.

**Interested clinics can download "Certified Eligible Site Application" from the website and fax to Program Administrator at (916) 654-3138. Health professional application will be available only near or during application period.**

**Program contact:** Karen Munsterman, Program Administrator, State Loan Repayment Program, 1600 9th Street, Room 440, Sacramento, CA 95814, [kmunster@oshpd.ca.gov](mailto:kmunster@oshpd.ca.gov) or (916) 654-2102

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